

**CITY OF CLIVE**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**June 30, 2007**

# CITY OF CLIVE

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## CITY OF CLIVE

### CITY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Les Aasheim . . . . .	Mayor . . . . .	Dec 2009
John Edwards . . . . .	Council Member . . . . .	Dec 2007
Paul Leighton . . . . .	Council Member . . . . .	Dec 2009
Dan Clute . . . . .	Council Member . . . . . (Resigned 1/04/07)	
Ronni Begleiter . . . . .	Council Member . . . . .	Dec 2009
Scott Cirksema . . . . .	Council Member . . . . .	Dec 2007
Steven Brody . . . . .	Council Member . . . . . (Started 1/18/07).	Dec 2007
Dennis Henderson . . . . .	Manager . . . . .	Indefinite
Pamela Blessman . . . . .	Clerk/Treasurer . . . . .	Indefinite
James Wine . . . . .	Attorney . . . . .	Indefinite
Frank Harty . . . . .	Assistant Attorney . . . . .	Indefinite
Jill Stevenson . . . . .	Assistant Attorney . . . . .	Indefinite



## MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
4949 Pleasant Street, Suite 104  
West Des Moines, Iowa 50266

(515)-223-4841  
FAX: (515)-223-0851

### Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clive's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive at June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007 on our consideration of the City of Clive's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the aforementioned financial statements that collectively comprise the City of Clive's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
December 10, 2007

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Clive provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The City's governmental funds' receipts decreased 35%, or approximately \$11,098,000, from fiscal year 2006 (FY06). Property tax increased approximately \$866,000 due to increased property valuations. Bond proceeds decreased \$11,660,000.
- City program disbursements increased 35%, or approximately \$6,778,000, from FY06. Debt service, Public safety and Capital projects expense increased approximately \$1,115,000, \$431,000 and \$4,553,000, respectively.
- The City's total cash basis net assets at June 30, 2007 decreased approximately 17.3%, or approximately \$3,899,000, from June 30, 2006. Of this amount, the assets of the governmental activities decreased \$4,003,000 and the assets of the business type activities increased by approximately \$104,000.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consists of a statement of activities and net assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other supplementary information provides detail in information about the nonmajor governmental funds, in addition, and the Schedule of Capital Projects provides information about the various projects of the City.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The fund financial statements begin on page 12 and provide detailed information about individual, significant funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to help it control and manage money for particular purposes.

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for Governmental funds include a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, and sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the City's own programs. The City of Clive has only agency funds to report within the Fiduciary Fund category.

Reconciliations between the government-wide statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$23.37 million to \$19.36 million. The analysis that follows focuses on the changes in cash balances.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 2,489	\$ 2,555
Operating grants, contributions and restricted interest	1,602	1,257
Capital grants, contributions and restricted interest	1,686	2,289
General receipts:		
Property tax	12,004	11,138
Other City taxes	893	855
Unrestricted investment earnings	197	178
Bond proceeds	1,235	12,895
Other general receipts	265	302
Transfers, net	1,604	1,258
Total receipts and transfers	21,975	32,727
Disbursements:		
Public safety	4,933	4,502
Public works	2,122	1,886
Health and social services	6	18
Culture and recreation	2,997	2,741
Community and economic development	3,305	3,130
General government	1,706	1,682
Debt service	3,598	2,483
Capital projects	7,311	2,758
Total disbursements	25,978	19,200
Increase (decrease) in cash basis net assets	(4,003)	13,527
Cash basis net assets beginning of year	23,366	9,839
Cash basis net assets end of year	\$ 19,363	\$ 23,366



The City's total receipts for governmental activities decreased by 35 percent (\$11,098,000). The total cost of all programs and services increased by approximately \$6,778,000 or 26 percent with no new programs added this year. The decrease in receipts was due to a reduction in general obligation bonds issued (\$11,660,000).

Based on increases in the total assessed valuation and expanded tax increment finance districts, property tax receipts are budgeted to increase by an additional \$629,360 next year.

The cost of all governmental activities this year was \$25.98 million compared to \$19.20 million last year. However, as shown in the statement of activities and net assets on page 11, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$20.20 million because some of the cost was paid by those directly benefited from the programs (\$2,489,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3,288,000). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, decreased in 2007 from approximately \$6,102,000 to approximately \$5,777,000, principally due to a decrease in capital grants, contributions and restricted interest. The City paid for the remaining public benefit portion of governmental activities with approximately \$12,897,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 2,834	\$ 2,615
Sewer	1,645	1,541
Other	333	180
General receipts:		
Bond proceeds	-	11,480
Other general receipts	326	373
Total receipts	<u>5,138</u>	<u>16,189</u>
Disbursements:		
Water	1,896	13,166
Sewer	1,360	1,399
Other	173	123
Transfers	<u>1,604</u>	<u>1,257</u>
Total disbursements and transfers	<u>5,033</u>	<u>15,945</u>
Increase (decrease) in cash basis net assets	105	244
Cash basis net assets beginning of year	<u>3,067</u>	<u>2,823</u>
Cash basis net assets end of year	<u>\$ 3,172</u>	<u>\$ 3,067</u>

Total business type activities receipts for the fiscal year were \$5.138 million compared to \$16.189 million last year. This decrease was due primarily to the proceeds from a bond issue in the prior year. The cash balance increased by approximately \$105,000 from the prior year. Total disbursements and transfers for the fiscal year decreased by approximately 68 percent to a total of \$5.033 million because the City purchased water capacity from the Des Moines Water Works (\$11,400,000) in the prior year.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Clive completed the year, its governmental funds reported a combined fund balance of \$19,151,767, a decrease of \$3,844,871 below last year's total of \$22,996,638. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,097,737, an increase of \$139,793 from the prior year. Most of this increase was due to increased property tax collections.
- The Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's TIF districts. At the end of the fiscal year, the cash balance was \$2,773,719, a decrease of \$184,127 from the previous year. The decrease was the result of an increase in debt payments. These proceeds will be used for various development projects within the TIF district. Any debt will be paid off with incremental property taxes generated from the increased taxable valuation in the district.
- The Debt Service Fund cash balance increased by \$25,366 to \$82,414. This increase was due to an increase in property tax receipts and transfers from the Water Fund. Bond principal and interest payments increased by \$226,046.
- The Capital Projects Fund was established to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds. At the end of the fiscal year, the cash balance was \$12,773,145, a decrease of \$3,793,791 from the prior year. Acquisition of the new public works facility, work done on the Campbell Rec Area Project, and street improvements at 86<sup>th</sup>, 90<sup>th</sup> and 128<sup>th</sup> account for most of the decrease.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

The cash balance of the Sewer Fund decreased by \$15,110 to \$1,634,438 due primarily to increased transfers to capital projects.

The cash balance of the Water Fund decreased by \$21,664 to \$1,142,159 due primarily to an increase in transfers to the Debt Service Fund for payments on the purchased water capacity.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on May 25, 2007 to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs.

## **DEBT ADMINISTRATION**

At year-end, the City had \$41,978,626 in bonds and other long-term debt compared to \$43,536,453 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2007	2006
General obligation bonds	\$ 41,440	\$ 42,650
Revenue bonds	266	557
Loans	272	326
Capital leases	-	3
Total	<u>\$ 41,978</u>	<u>\$ 43,536</u>

Debt decreased as a result of payments made in accordance with debt provisions.

The City's general obligation bond rating continues to carry an Aa2 rating, a rating that has been assigned by national rating agencies to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$41.98 million is well below the City's \$80.4 million legal debt limit.

More detailed information about the City's long-term liabilities is presented in Notes 3, 4 and 5 to the financial statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the 2007 fiscal year budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's population growth since the 2000 census stands at 9.88%. Unemployment in the greater Des Moines area stands at 3.3 percent. This compares with the state unemployment rate of 3.9 percent.

The U.S. Consumer Price Index (CPI) is a measure of the changes in retail prices of a fixed market grouping of consumer goods and services. The CPI-U for July 2007 was 208.3. For the 12 month period that ended in July, the CPI-U increased 4.8 percent.

These indicators were taken into account when adopting the budget for 2008. Amounts available for appropriation in the budget are \$35.1 million, an decrease of 36.4 percent over the final 2007 budget. Budgeted disbursements are expected to decrease by approximately \$10.0 million.

If these estimates are realized, the City's budgeted general fund cash balance is expected to remain about the same by the close of fiscal year 2008.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pamela Blessman, City Clerk, Clive, Iowa 50325.

## **Basic Financial Statements**

CITY OF CLIVE

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2007

	Program Receipts				Net (Disbursements)Receipts and Changes in Cash Basis Net Assets		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety	\$ 4,932,578	\$ 536,932	\$ 873	\$ -	\$ (4,394,773)	\$ -	\$ (4,394,773)
Public works	2,122,473	576,257	1,178,440	-	(367,776)	-	(367,776)
Health and social services	6,088	-	-	-	(6,088)	-	(6,088)
Culture and recreation	2,997,471	692,154	50,864	43,627	(2,210,826)	-	(2,210,826)
Community and economic development	3,304,955	615,996	-	-	(2,688,959)	-	(2,688,959)
General government	1,706,232	67,621	371,563	-	(1,267,048)	-	(1,267,048)
Debt service	3,597,458	-	-	-	(3,597,458)	-	(3,597,458)
Capital projects	7,310,584	-	-	1,642,348	(5,668,236)	-	(5,668,236)
Total governmental activities	25,977,839	2,488,960	1,601,740	1,685,975	(20,201,164)	-	(20,201,164)
Business type activities:							
Water	1,896,694	2,833,559	-	-	-	936,865	936,865
Sewer	1,360,021	1,645,475	-	-	-	285,454	285,454
Other	172,707	333,490	-	-	-	160,783	160,783
Total business type activities	3,429,422	4,812,524	-	-	-	1,383,102	1,383,102
Total	\$29,407,261	\$7,301,484	\$1,601,740	\$1,685,975	(20,201,164)	1,383,102	(18,818,062)
General receipts:							
Property tax levied for:							
General purposes					6,911,684	-	6,911,684
Tax increment financing					3,453,154	-	3,453,154
Debt service					1,639,660	-	1,639,660
Hotel/motel tax					893,000	-	893,000
Unrestricted investment earnings					197,499	-	197,499
Bond proceeds					1,235,000	-	1,235,000
Miscellaneous					200,122	325,562	525,684
Sale of capital assets					63,858	-	63,858
Transfers					1,604,332	(1,604,332)	-
Total general receipts and transfers					16,198,309	(1,278,770)	14,919,539
Change in cash basis net assets					(4,002,855)	104,332	(3,898,523)
Cash basis net assets beginning of year					23,366,032	3,067,432	26,433,464
Cash basis net assets end of year					\$19,363,177	\$ 3,171,764	\$ 22,534,941
<b>Cash Basis Net Assets</b>							
Restricted:							
Streets					\$ 381,613	\$ -	\$ 381,613
Urban renewal purposes					2,773,719	-	2,773,719
Debt service					82,414	-	82,414
Other purposes					13,028,094	395,167	13,423,261
Unrestricted					3,097,337	2,776,597	5,873,934
Total cash basis net assets					\$19,363,177	\$ 3,171,764	\$ 22,534,941

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2007

	<u>Special Revenue</u>					
	General	Urban Renewal Tax Increment	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
Receipts:						
Property tax	\$ 6,911,684	\$ -	\$1,639,660	\$ -	\$ -	\$ 8,551,344
Tax increment financing	-	3,453,154	-	-	-	3,453,154
Other City tax	893,000	-	-	-	-	893,000
Licenses and permits	701,116	-	-	-	-	701,116
Uses of money and property	210,210	-	-	1,224,322	3,454	1,437,986
Intergovernmental	363,576	-	-	40,084	1,177,246	1,580,906
Charges for service	1,810,794	-	-	-	-	1,810,794
Special assessments	-	-	-	85,247	-	85,247
Miscellaneous	213,346	-	-	292,695	52,206	558,247
Total receipts	11,103,726	3,453,154	1,639,660	1,642,348	1,232,906	19,071,794
Disbursements:						
Operating:						
Public safety	4,922,081	-	-	-	10,497	4,932,578
Public works	1,115,391	-	-	-	1,007,082	2,122,473
Health and social services	6,088	-	-	-	-	6,088
Culture and recreation	2,983,089	-	-	-	14,382	2,997,471
Community and economic development	1,015,988	2,288,967	-	-	-	3,304,955
General government	1,706,232	-	-	-	-	1,706,232
Debt service	-	888,553	2,708,905	-	-	3,597,458
Capital projects	-	-	-	7,310,584	-	7,310,584
Total disbursements	11,748,869	3,177,520	2,708,905	7,310,584	1,031,961	25,977,839
Excess (deficiency) of receipts over (under) disbursements	(645,143)	275,634	(1,069,245)	(5,668,236)	200,945	(6,906,045)
Other financing sources (uses):						
Bond proceeds	-	-	22,098	1,212,902	-	1,235,000
Sale of capital assets	5,832	-	-	-	-	5,832
Operating transfers in	1,150,257	1,235,008	1,072,513	3,481,204	-	6,938,982
Operating transfers (out)	(371,153)	(1,694,769)	-	(2,819,661)	(233,057)	(5,118,640)
Total other financing sources (uses)	784,936	(459,761)	1,094,611	1,874,445	(233,057)	3,061,174
Net change in cash balances	139,793	(184,127)	25,366	(3,793,791)	(32,112)	(3,844,871)
Cash balances beginning of year	2,957,544	2,957,846	57,048	16,566,936	457,264	22,996,638
Cash balances end of year	<u>\$ 3,097,337</u>	<u>\$ 2,773,719</u>	<u>\$ 82,414</u>	<u>\$12,773,145</u>	<u>\$ 425,152</u>	<u>\$19,151,767</u>
Cash Basis Fund Balances						
Reserved:						
Debt service	\$ -	\$ -	\$ 82,414	\$ -	\$ -	\$ 82,414
Unreserved:						
General fund	3,097,337	-	-	-	-	3,097,337
Special revenue funds	-	2,773,719	-	-	425,152	3,198,871
Capital projects fund	-	-	-	12,773,145	-	12,773,145
Total cash basis fund balances	<u>\$ 3,097,337</u>	<u>\$ 2,773,719</u>	<u>\$ 82,414</u>	<u>\$12,773,145</u>	<u>\$ 425,152</u>	<u>\$19,151,767</u>

See notes to financial statements.

## CITY OF CLIVE

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets -  
*Governmental Funds*

As of and for the year ended June 30, 2007

**Total governmental funds cash balances (page 12)** \$19,151,767

*Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the equipment replacement. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

211,410

**Cash basis net assets of governmental activities (page 11)**

\$19,363,177

**Net change in cash balances (page 12)**

\$ (3,844,871)

*Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of equipment replacement to individual funds. The change on net assets of the Internal Service Fund is reported with governmental activities.

(157,984)

**Change in cash balance of governmental activities (page 11)**

\$ (4,002,855)

See notes to financial statements.

## CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
*Proprietary Funds*

As of and for the year ended June 30, 2007

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Nonmajor Enterprise Funds	Total	Equipment Replacement
Operating receipts:					
Charges for service	\$2,833,559	\$1,645,475	\$ 333,490	\$4,812,524	\$ -
Miscellaneous	282,822	-	42,740	325,562	-
Total operating receipts	3,116,381	1,645,475	376,230	5,138,086	-
Operating disbursements:					
Business type activities	1,597,981	1,360,021	172,707	3,130,709	-
Total operating disbursements	1,597,981	1,360,021	172,707	3,130,709	-
Excess (deficiency) of operating receipts over (under) operating disbursements	1,518,400	285,454	203,523	2,007,377	-
Non-operating receipts (disbursements):					
Debt service	(298,713)	-	-	(298,713)	-
Total non-operating receipts (disbursements)	(298,713)	-	-	(298,713)	-
Excess (deficiency) of receipts over (under) disbursements	1,219,687	285,454	203,523	1,708,664	-
Other financing sources (uses)					
Sale of capital assets	-	-	-	-	58,026
Operating transfers in	139	53	-	192	536,000
Operating transfers out	(1,241,490)	(300,617)	(62,417)	(1,604,524)	(752,010)
Total other financing sources (uses)	(1,241,351)	(300,564)	(62,417)	(1,604,332)	(157,984)
Net change in cash balances	(21,664)	(15,110)	141,106	104,332	(157,984)
Cash balances beginning of year	1,163,823	1,649,548	254,061	3,067,432	369,394
Cash balances end of year	\$ 1,142,159	\$1,634,438	\$395,167	\$3,171,764	\$ 211,410
<b>Cash Basis Fund Balances</b>					
Unreserved	\$ 1,142,159	\$1,634,438	\$395,167	\$3,171,764	\$ 211,410
Total cash basis fund balances	\$ 1,142,159	\$1,634,438	\$395,167	\$3,171,764	\$ 211,410

See notes to financial statements.



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**CITY OF CLIVE****Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
*Fiduciary Funds*

Year ended June 30, 2007

	<u>Cash Bond</u>
Additions:	\$ -
Deductions:	<u>-</u>
Net change in cash balance	-
Cash balance beginning of year	<u>6,100</u>
Cash balance end of year, held for contractor bonds paid	<u><u>\$ 6,100</u></u>

See notes to financial statements.

# CITY OF CLIVE

## Notes to Financial Statements

June 30, 2007

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clive is a political subdivision of the State of Iowa located in Polk and Dallas Counties. It was first incorporated in 1956 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

#### A. Reporting Entity

For financial reporting purposes, the City of Clive has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Clive has no component units which meet the Governmental Accounting Standards Board criteria.

#### Jointly Governed Organization

The City also participates in several jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the (Note 13) The Des Moines Metro Waste Authority, the Des Moines Area Regional Transit Authority, the City of West Des Moines and the City of Clive Joint Fire Station and Emergency Medical Services Facility (Note 5), the Metropolitan Planning Organization, the Convention Visitors Bureau, the Greater Des Moines Sports Authority, Bravo Greater Des Moines, Inc. and the E911 Service Board.

#### Joint Ventures

The city participates in a joint venture that provide goods or services to the citizenry of the City and meet the criteria of a joint venture because there is an ongoing financial interest or responsibility by the participating governments. The City is a member of the following joint ventures: the Wastewater Reclamation Authority (Note 4).

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2007

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### B. Basis of Presentation - Continued

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

##### Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2007

#### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **B. Basis of Presentation - Continued**

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis. This is composed of the Equipment Replacement Fund. This proprietary fund is reported with governmental activities in the government wide statements.

##### **C. Measurement Focus and Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

##### **D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the Public Safety and Culture and Recreation functions.

# CITY OF CLIVE

## Notes to Financial Statements - Continued

June 30, 2007

### (2) CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2007, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2007, the City had \$10,662,358 in a public funds money market account.

### (3) BONDS PAYABLE AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 3,000,000	\$ 1,648,625	\$ 266,394	\$ 4,294	\$ 3,266,394	\$ 1,652,919
2009	3,005,000	1,547,061	-	-	3,005,000	1,547,061
2010	3,045,000	1,437,879	-	-	3,045,000	1,437,879
2011	3,190,000	1,321,768	-	-	3,190,000	1,321,768
2012	3,110,000	1,200,354	-	-	3,110,000	1,200,354
2013	3,125,000	1,077,406	-	-	3,125,000	1,077,406
2014	3,225,000	953,214	-	-	3,225,000	953,214
2015	2,930,000	823,319	-	-	2,930,000	823,319
2016	3,045,000	705,719	-	-	3,045,000	705,719
2017	3,075,000	582,551	-	-	3,075,000	582,551
2018	2,780,000	456,931	-	-	2,780,000	456,931
2019	2,665,000	342,051	-	-	2,665,000	342,051
2020	2,775,000	229,159	-	-	2,775,000	229,159
2021	1,010,000	109,274	-	-	1,010,000	109,274
2022	625,000	62,715	-	-	625,000	62,715
2023	410,000	35,282	-	-	410,000	35,282
2024	425,000	18,062	-	-	425,000	18,062
Total	<u>\$41,440,000</u>	<u>\$12,551,370</u>	<u>\$ 266,394</u>	<u>\$ 4,294</u>	<u>\$41,706,394</u>	<u>\$12,555,664</u>

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2007

#### (3) BONDS PAYABLE AND NOTES PAYABLE - CONTINUED

Issue, costs and advances of current year bond issues are as follows:

Gross bond issues	\$ 1,235,000
Plus: premium	3,288
Less: underwriter's discount	<u>( 8,423)</u>
Net bond proceeds	<u>\$ 1,229,865</u>

The City paid \$1,820,319 in interest on debt obligations for the year ended June 30, 2007. Total principal paid on debt for the year ended June 30, 2007 was \$2,792,827. Interest rates on debts range from 1.80% to 5.00%.

#### Des Moines Water Works Revenue Bonds

The City entered into an agreement with the Des Moines Water Works for the construction of the Westside Storage Facility Project. Per the agreement, the City's proportionate share of the Des Moines Water Works Bonds, Series 1992A issued by the Des Moines Water Works was originally estimated to be \$2,238,000. During 2001, the actual value of the City's proportionate share was determined to be \$2,470,636. At this time the interest rates on the bond was also adjusted and a new Series 2001 bond issue was used to retire the remaining balance on the 1992 Series, except for \$205,754, which was considered additional amounts due for prior year. This additional amount is to be paid over six years with a final payment on December 1, 2007.

In April, 2005 the debt schedule was revised to reflect the reconfiguration of the 156<sup>th</sup> Street feeder main. As a result, the City's debt obligation increased by \$107,453.

When the 2001 Series was issued, the City's proportionate share of the bond issue was \$1,158,089. This represented a reduction on the 1992 Series and a new obligation on the 2001 Series. The interest rates on the bonds vary from 3.00% to 3.60%.

#### Iowa Department of Management Loan

The City along with the City of Urbandale and City of West Des Moines entered into a loan agreement with the Iowa Department of Management. The cities received a local government innovation fund loan for the purpose of the development and implementation of a system to conduct emergency services training in one location while having training viewed simultaneously and via video recording. The total loan award was for \$100,000 with the City of Clive's portion representing one-third (1/3) or \$33,333. The loan carries a 2% interest rate.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2007

#### (3) BONDS PAYABLE AND NOTES PAYABLE - CONTINUED

A summary of the City's share of the loan principal and interest maturities is as follows:

<u>June 1</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,797	\$ 275
2009	<u>6,934</u>	<u>139</u>
	<u>\$ 13,731</u>	<u>\$ 414</u>

#### (4) JOINT VENTURES AND COMMITMENTS

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

As part of the Agreement, the WRA issued debt to advance refund the sewer revenue refunding bond Series 1997C and 2002D and the state revolving loans SRF2 and SRF3 of the City of Des Moines. In addition, state revolving loans SRF4, SRF6 and SRF7 were reassigned from the City of Des Moines to the WRA. The City of Clive had previously entered into various financing agreements with the City of Des Moines to provide for the City of Clive's share of capital contributions for the construction and ongoing expansion of the WRA. The issuance of the debt by the WRA to advance refund and reassign previously issued City of Des Moines debt removes the City of Clive's previous liability to the City of Des Moines.

The City of Clive retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2004B and 2006 include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2007

#### **(4) JOINT VENTURE AND COMMITMENTS**

The WRA Agreement requires the debt service on the Series 2004A bonds to be allocated using the annual flow allocation to the participating communities based on the existing allocations of debt service under the prior I.C.A. agreement. The Series 2004A bonds had a balance of \$16,685,000 as of June 30, 2007. The City of Clive has a commitment for approximately \$82,046, or 0.5%, for future principal payment requirements on that debt. The WRA Sewer Revenue Bonds Series 2004B and 2006 bonds were issued for capital expansion. The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2007, the Series 2004B bonds had a balance of \$65,780,000 and the City of Clive's estimated future allocated based on the WRA flows is currently \$3,335,104, or 5.07%. As of June 30, 2007, the Series 2006 bonds had a balance of \$38,050,00 and the City of Clive's estimated future allocation based on the WRA Flows is currently \$1,882,604 or 4.95%. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2007, the WRA had \$11,824,000 in outstanding State Revolving Loans, of which \$393,400 of future principal debt service is a commitment of the City of Clive.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2007 the City paid the WRA \$784,002 for operations, maintenance, equipment replacement and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

#### **WRA Facility Cost Reimbursement Agreement**

The Cities of Clive and West Des Moines are parties to the WRA Agreement dated February 19, 1979, which imposes costs on both entities as users of the Des Moines WRA Region Wastewater Treatment Plant and the sewer lines and facilities comprising the WRA system. The City of Clive has made certain portions of its sanitary sewer facilities connected to the WRA system available to the City of West Des Moines.

The City of West Des Moines is obligated to reimburse the City of Clive based upon their sewer usage. During the fiscal year ended June 30, 2007, the City of Clive received reimbursement of \$75,429 for that period.

#### **(5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY**

The joint facility with the City of West Des Moines was established for the purpose of constructing, operating and managing a fire station and emergency medical services facility. The joint facility was developed as the result of a 28E agreement between the City of Clive and the City of West Des Moines. The City of West Des Moines was designated the "Lead Agency" and, as such, is responsible for accounting for all disbursements relating to the project.



## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2007

#### (5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY - CONTINUED

To date, \$2,000,000 worth of bonds have been issued by the City of West Des Moines. The City of Clive will annually pay forty-seven percent of the bonds and interest due.

The future maturities of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 47,000	\$ 9,666	\$ 56,666
2009	47,000	7,825	54,825
2010	47,000	5,984	52,984
2011	47,000	4,143	51,143
2012	47,000	2,302	49,302
2013	23,500	460	23,960
Total	<u>\$ 258,500</u>	<u>\$ 30,380</u>	<u>\$ 288,880</u>

During the year ended June 30, 2007, the City paid \$47,000 and \$11,508 in principal and interest, respectively. The City is also obligated to remit a share of operating and administration costs. During the year ended June 30, 2007, these costs totaled \$458,223.

In accordance with the Joint Facility Agreement, legal title to the joint facility is held by the City of West Des Moines for the benefit and use of the communities.

Complete financial statements for the City of West Des Moines can be obtained from the City Clerk's office at the City of West Des Moines.

#### (6) PENSION AND RETIREMENT SYSTEMS

##### Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, West Des Moines, Iowa 50266.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2007

#### (6) PENSION AND RETIREMENT SYSTEMS - CONTINUED

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2007, 2006 and 2005 were \$338,264, \$312,005, and \$265,092, respectively, which met the required minimum contribution for each year.

##### IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$282,480, \$245,834, and \$225,223, respectively, equal to the required contributions for each year.

##### DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended on August 20, 1996. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of participants (or their beneficiaries in the event of the participant's death) until termination, retirement, death, or an unforeseeable emergency. The City provides neither administrative service to plan nor investment advice for the plan.

#### (7) COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination or retirement. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, sick time, comp time and fluctuating holiday termination payments payable to employees at June 30, 2007, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$176,421
Sick	47,118
Other	83,289

Sick leave is payable when used or upon retirement if the employee is over fifty-five years of age. If paid upon retirement, payment is made for up to 50 percent of accrued sick leave, not to exceed 360 hours. Compensated absences are not paid at death. This liability has been computed based on rates of pay in effect at June 30, 2007.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2007

#### **(8) INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City has issued a total of \$5,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$5,000,000 is outstanding at June 30, 2007. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

#### **(9) ECONOMIC DEVELOPMENT**

The City has entered into various development agreements. These agreements call for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. These arrangements run for 5 to 10 years. Payments totaling \$1,608,767 were made during the year ended June 30, 2007 under these agreements.

#### **(10) CONSTRUCTION CONTRACTS**

The City has entered into various construction contracts totaling approximately \$6,545,528. The unpaid contract balances as of June 30, 2007 totaled approximately \$4,370,976 which will be paid as work on the projects progresses.

#### **(11) RISK MANAGEMENT**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2007 were \$176,780.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2007

#### **(11) RISK MANAGEMENT - CONTINUED**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workmen's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(12) COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA):**

A CEBA loan has been made by the Iowa Department of Economic Development (IDED) to a local business. The funds to repay the loan come from the business recipient. The loan is required to be presented as the City's long-term debt, but the City will not be liable for it if they make a reasonable attempt to collect from the business involved upon default.

De Waay Capital Management: A \$75,000 loan with a zero percent per annum interest rate for five years ending September 1, 2010 and a \$75,000 forgivable loan with a six percent per annum interest rate with no payments for the three years ending May 19, 2008. Amounts are forgiven based on a formula for each new FTE job created/retained and maintained for at least ninety days past the project completion date. Monthly payments are receivable for five years from the business and payable to the Iowa Department of Economic Development for the loan which has a balance of \$123,750 as of June 30, 2007.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2007

#### **(13) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS**

##### **(a) METRO WASTE AUTHORITY**

The City, in conjunction with various other municipalities, has created the Metro Waste Authority. The Organization was established for the primary purpose of providing for the economic disposal, or collection and disposal, of solid waste produced or generated by each participant. In the event of withdrawal or dissolution, the net assets of the Organization will be prorated among the municipalities. The Organization is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction. During the year ended June 30, 2007, the City paid \$0 to the Metro Waste Authority.

##### **(b) STADIUM AGREEMENT**

A 28E agreement was signed between the Cities of Urbandale, Des Moines, West Des Moines, Windsor Heights, Clive, Johnston, Ankeny, and Altoona, and the County of Polk to assist the City of Des Moines in financing the reconstruction and renovation of the formerly named Sec Taylor Stadium. The City of Des Moines issued \$8,710,000 of bonds to finance this project. The City of Des Moines pays the principal and interest on \$7,960,000 of the bonds and the principal and interest on the remaining \$750,000 of bonds is paid by the participating entities. The share paid by these other participating entities is based upon their proportion of hotel/motel tax revenues to the total of all hotel/motel tax revenues of the participating entities. The City of Clive's share of the principal and interest on the bonds was \$20,784 for the fiscal year ended June 30, 2007.

##### **(c) CONVENTION VISITORS BUREAU (CVB)**

An agreement was entered into by the Cities of Clive, various other metro area cities, and the County of Polk to establish an area-wide effort for the promotion of tourism and convention activities in the Greater Des Moines metropolitan area. Each government agrees to remit two-sevenths of their hotel/motel tax revenues for use by the CVB. During the fiscal year ended June 30, 2007, the City of Clive remitted \$255,143 to the CVB.

##### **(d) DES MOINES METROPOLITAN PLANNING ORGANIZATION (MPO)**

The City, in conjunction with three counties and various other metro cities has created the Des Moines Metropolitan Planning Organization (MPO). The MPO is organized as a separate legal entity pursuant to the provisions of Chapter 28E of the Code of Iowa, with the powers and purposes to carry out transportation planning activities for the metropolitan area. The City of Clive paid the MPO \$8,475 for its portion of the services during the year ended June 30, 2007.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2007

#### **(13) JOINTLY GOVERNED ORGANIZATIONS AND COMMITMENTS - CONTINUED**

##### **(e) WEST HELP**

An agreement was entered into by the cities of Clive, Johnston, Urbandale, West Des Moines and Windsor Heights to share certain costs for the operation of a West Homeowner Emergency Loan Program for housing rehabilitation within their respective communities. The City of West Des Moines is the coordinating agency for the program. During the fiscal year ended June 30, 2007, the City paid \$7,028 for its share of costs.

##### **(f) WESTCOM**

An agreement was entered into by the cities of Clive, Urbandale and West Des Moines to share certain costs for a consolidated dispatch unit for police, fire and emergency medical services. The City of West Des Moines is the coordinating agency for the program during the fiscal year ended June 30, 2007. The City paid \$266,797 for its share of costs.

#### **(14) LEASES**

The City has entered into three cancelable lease agreements to lease water tower space to communication companies. The lease with US Cellular Operating Company commenced on August 31, 1987 for a term of twenty years. The lease was amended on April 1, 2000 and calls for payment of \$400 per month. Under the terms of the lease, the lessee has the option to renew for two additional five year terms at the current monthly rate as adjusted by the Consumer Price Index.

On March 18, 1996, the City executed a five year lease, with three additional five year renewal options, with MajorCo, L.P. Annual rent under the term of the lease is \$5,808.

The City has also executed a lease with Voicestream PCS I LLC. The initial lease term is for a period of five years, terminating on October 28, 2001 and renewed for five years. Under the terms of the lease agreement the lease will automatically be renewed for five additional five year terms unless the tenant notifies the City in writing. Annual rent is \$11,903 upon the automatic renewal occurring in October, 2006.

Future minimum lease collections are as follows:

2008	\$ 16,703
2009	11,903
2010	11,903
2011	11,903
2012	3,968

# CITY OF CLIVE

## Notes to Financial Statements - Continued

June 30, 2007

### (15) IOWA EVENTS CENTER

An agreement was entered into by the City and Polk County, Iowa to commit City funding for the financing of the construction of the Iowa Events Center Project in Des Moines. The City is to provide a grant of \$625,000 to be used by the County for the project. The funds were originally to be advanced over 10 years with payments beginning the fiscal year ending June 30, 2004. On September 22, 2005, this agreement was amended to decrease the annual payments and extend the period of payment through 2019. Payments totaling \$31,250 were paid during the year ended June 30, 2007.

### (16) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 28,417
	Urban Renewal Tax Increment	65,000
	Internal Service	752,010
	Capital Projects	219,579
	Enterprise:	
	Water	28,417
	Sewer	28,417
	Storm Sewer	28,417
		<u>1,150,257</u>
Special Revenue:	Special Revenue:	
Urban Renewal Tax Increment	TIF Debt Service	1,081,793
	Capital Projects	153,215
		<u>1,235,008</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	37,976
	Capital Projects	58,464
	Enterprise:	
	Water	976,073
		<u>1,072,513</u>
Capital Projects	General	123,962
	Special Revenue:	
	Urban Renewal Tax Increment	510,000
	Park Donations	59,640
	Capital Projects	2,388,402

# CITY OF CLIVE

## Notes to Financial Statements - Continued

June 30, 2007

### (16) INTERFUND TRANSFERS - CONTINUED

Transfer to	Transfer from	Amount
	Enterprise:	
	Sewer	\$ 200,200
	Water	165,000
	Storm Water	34,000
		<u>3,481,204</u>
Internal Service	General	247,000
	Special Revenue:	
	Road Use	145,000
	Enterprise	
	Water	72,000
	Sewer	72,000
		<u>536,000</u>
Enterprise:		
Water	General	139
Sewer	General	53
		<u>192</u>
Total		<u>\$ 7,475,174</u>

Transfers generally move resources from the fund required to collect the resources to the fund statutorily required to disburse the resources.

### (17) RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$1,150 during the year ended June 30, 2007.

### (18) POST-EMPLOYMENT BENEFITS

All full-time employees who retire or become disabled are offered the following post-employment benefit options:

Health insurance - For employees wishing to voluntarily retire prior to the age of 65 who are a minimum of 55 years of age at the time of retirement; have at least 20 years of service with the City; and wish to remain on the City employee health insurance plan, the City will assist the employee with the cost of single coverage health insurance until the retiree reaches the age of 65, according to a schedule based upon length of continued regular full-time service to the City.



## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2007

#### **(18) POST-EMPLOYMENT BENEFITS - CONTINUED**

For months of service not totaling a full year, the percentage amount of single coverage paid by the City will be prorated by full month. The City will also provide \$2,000 in life insurance coverage until age 65. Dental and vision coverage can be continued at the expense of the employee.

After the retiree reaches the age of 65, any dependent the retiree has covered under the City employee health plan may continue his/her coverage under the City's plan for three more years, or until the dependent reaches the age of 65, whichever occurs first. The retiree is responsible for expenses related to the policy.

Life insurance - The option of converting the employee's City-paid policy from term insurance to whole life insurance at the individual's expense with the City's life insurance carrier.

Long-term disability - The option of converting the employee's City-paid group policy to a personal policy at the individual's expense with the City's long-term disability insurance carrier.

The above options, while at the individual's own expense, are included within the City's overall insurance package. Therefore, a portion of the above coverage is being subsidized by the City and its current employees. However, the City cannot reasonably estimate the amount of this subsidy and it is being expensed as incurred by the City.

### **Required Supplementary Information**

**CITY OF CLIVE**

Required Supplementary Information  
Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Year ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
					Original	Final	
Receipts:							
Property tax	\$ 8,551,344	\$ -	\$ -	\$8,551,344	\$8,456,258	\$8,453,047	\$ 98,297
Tax increment financing collections	3,453,154	-	-	3,453,154	3,558,628	3,558,628	(105,474)
Other City tax	893,000	-	-	893,000	1,083,981	1,083,931	(190,931)
Licenses and permits	701,116	-	-	701,116	551,260	551,260	149,856
Uses of money and property	1,437,986	-	-	1,437,986	472,700	472,700	965,286
Intergovernmental	1,580,906	-	-	1,580,906	1,223,250	1,541,550	39,356
Charges for service	1,810,794	4,812,524	-	6,623,318	7,385,639	7,389,939	(766,621)
Special assessments	85,247	-	-	85,247	176,795	176,795	(91,548)
Miscellaneous	558,247	325,562	-	883,809	692,400	692,400	191,409
Total receipts	19,071,794	5,138,086	-	24,209,880	23,600,911	23,920,250	289,630
Disbursements:							
Public safety	4,932,578	-	-	4,932,578	4,816,968	4,908,468	(24,110)
Public works	2,122,473	-	-	2,122,473	2,534,149	2,534,149	411,676
Health and social services	6,088	-	-	6,088	14,450	15,450	9,362
Culture and recreation	2,997,471	-	-	2,997,471	2,939,762	2,964,262	(33,209)
Community and economic development	3,304,955	-	-	3,304,955	2,595,616	3,369,616	64,661
General government	1,706,232	-	-	1,706,232	1,670,296	1,906,996	200,764
Debt service	3,597,458	-	-	3,597,458	3,754,114	3,775,114	177,656
Capital projects	7,310,584	-	-	7,310,584	20,025,452	24,259,452	16,948,868
Business type activities	-	3,429,422	-	3,429,422	3,705,270	3,856,070	426,648
Total disbursements	25,977,839	3,429,422	-	29,407,261	42,056,077	47,589,577	18,182,316
Excess (deficiency) of receipts over (under) disbursements	(6,906,045)	1,708,664	-	(5,197,381)	(18,455,166)	(23,669,327)	18,471,946
Other financing sources (uses), net	3,061,174	(1,762,316)	157,984	1,456,842	27,246,508	28,481,508	(27,024,666)
Excess (deficiency) of receipts over (under) disbursements and other financing sources (uses):	(3,844,871)	(53,652)	157,984	(3,740,539)	8,791,342	4,812,181	(8,552,720)
Balances beginning of year	22,996,638	3,436,826	(369,394)	26,064,070	13,843,897	13,843,897	12,220,173
Balances end of year	\$19,151,767	\$ 3,383,174	\$(211,410)	\$22,323,531	\$ 22,635,239	\$18,656,078	\$ 3,667,453

See accompanying independent auditor's notes.

## **CITY OF CLIVE**

### **Required Supplemental Information**

#### **Notes To Required Supplementary Information - Budgetary Reporting**

**June 30, 2007**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by \$5,533,500. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the public safety and culture and recreation functions.

## **Other Supplementary Information**

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2007

	Special Revenue				
	Road Use Tax	Forfeitures	Park Donations	Library	Total
Receipts:					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Other City tax	-	-	-	-	-
Use of money and property	-	-	3,454	-	3,454
Intergovernmental	1,177,246	-	-	-	1,177,246
Special assessments	-	-	-	-	-
Miscellaneous	1,194	10,838	27,875	12,299	52,206
Total receipts	1,178,440	10,838	31,329	12,299	1,232,906
Disbursements:					
Operating:					
Public safety	-	10,497	-	-	10,497
Public works	1,007,082	-	-	-	1,007,082
Health and social services	-	-	-	-	-
Culture and recreation	-	-	873	13,509	14,382
Community and economic development	-	-	-	-	-
General government	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	1,007,082	10,497	873	13,509	1,031,961
Excess (deficiency) of receipts over (under) disbursements	171,358	341	30,456	(1,210)	200,945
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(173,417)	-	(59,640)	-	(233,057)
Total other financing uses	(173,417)	-	(59,640)	-	(233,057)
Net change in cash balances	(2,059)	341	(29,184)	(1,210)	(32,112)
Cash balances beginning of year	383,672	35,973	31,655	5,964	457,264
Cash balances end of year	\$ 381,613	\$ 36,314	\$ 2,471	\$ 4,754	\$ 425,152
<b>Cash Basis Fund Balances</b>					
Unreserved:					
Special revenue funds	\$ 381,613	\$ 36,314	\$ 2,471	\$ 4,754	\$ 425,152
Total cash basis fund balances	\$ 381,613	\$ 36,314	\$ 2,471	\$ 4,754	\$ 425,152

See accompanying independent auditor's notes.

## CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2007

	Storm Water	Water Utility Deposits	Total
Operating receipts:			
Charges for service	\$ 333,490	\$ -	\$ 333,490
Miscellaneous	5,564	37,176	42,740
Total operating receipts	339,054	37,176	376,230
Operating disbursements:			
Business type activities	148,568	24,139	172,707
Total operating disbursements	148,568	24,139	172,707
Excess of operating receipts over operating disbursements	190,486	13,037	203,523
Non-operating receipts (disbursements)			
Debt Service	-	-	-
Total non-operating disbursements	-	-	-
Excess of receipts over disbursements	190,486	13,037	203,523
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(62,417)	-	(62,417)
Total other financing (uses)	(62,417)	-	(62,417)
Net change in cash balances	128,069	13,037	141,106
Cash balances beginning of year	62,465	191,596	254,061
Cash balances end of year	\$ 190,534	\$ 204,633	\$ 395,167
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	-	-	-
Unreserved	190,534	204,633	395,167
Total cash basis fund balances	\$ 190,534	\$ 204,633	\$ 395,167

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds

As of and for the year ended June 30, 2007

	Hickman Rd Signal Int	Fiber Optics	Fire/PW Land	PW Property Acquisition	Hickman Trail Crossing	Flood Alert	50 <sup>th</sup> Anniversary	Dymond Public Safety	114 <sup>th</sup> St Park	Aquatics Trail Connect	Stonegate Park	Campbell Rec Area	Library
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ 3,957	\$ 10,098	\$ 19,027	\$ -	\$ -	\$ -	\$ 6,216	\$ -	\$ 1,587	\$ 6,188	\$ 59,282	\$ -
Intergovernmental	16,909	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	5,567	-	-	-	-	2,018	-	-	-	-	-	2,200
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	5,567	-	-	-	-	2,018	-	-	-	-	-	2,200
Total receipts	16,909	9,524	10,098	19,027	-	-	2,018	6,216	-	1,587	6,188	59,282	2,200
Disbursements:	210	91,513	-	2,435,880	2,504	-	10,279	3,406	277,453	-	75,891	946,869	86,723
Excess (deficiency) of receipts over (under) disbursements	16,699	(81,989)	10,098	(2,416,853)	(2,504)	-	(8,261)	2,810	(277,453)	1,587	(69,703)	(887,587)	(84,523)
Other financing sources (uses):													
Bond Proceeds	-	-	-	454,902	-	-	-	104,000	158,000	-	411,000	-	-
Operating transfers in	-	-	-	2,093,367	100,000	34,000	-	-	123,122	130,122	59,640	-	85,000
Operating transfers (out)	(26,248)	-	(155,295)	-	-	-	-	-	-	-	-	-	(54,330)
	(26,248)	-	(155,295)	2,548,269	100,000	34,000	-	104,000	281,122	130,122	470,640	-	30,670
Net change in cash balances	(9,549)	(81,989)	(145,197)	131,416	97,496	34,000	(8,261)	106,810	3,669	131,709	400,937	(887,587)	(53,853)
Cash balances beginning of year	26,248	86,626	145,197	-	-	-	8,261	77,648	-	-	-	1,184,512	53,853
Cash balances end of year: unreserved	\$ 16,699	\$ 4,637	\$ -	\$ 131,416	\$ 97,496	\$ 34,000	\$ -	\$ 184,458	\$ 3,669	\$ 131,709	\$ 400,937	\$ 296,925	\$ -

See accompanying independent auditor’s report.



CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2007

	Karp Park	CC Glen Park	86 <sup>th</sup> St Playground	Trail Paving	Welcome Sign	Wildwood Campbell Park	Benchmarks	Com Rec Center	New Library	Road Water Main	86 <sup>th</sup> St Water Meter Pit	Sewer Rehab	Radio Read Meter System
Receipts:													
Use of money and property:													
Interest on investments	\$ 14,721	\$ -	\$ -	\$ 5,658	\$ -	\$ -	\$ 5,659	\$ 2,384	\$ 3,907	\$ 18,484	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	-	-	-	-	-	780	-	-	-	-
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	14,721	-	-	5,658	-	-	5,659	2,384	4,687	18,484	-	-	-
Disbursements:	-	-	7,045	-	-	-	-	-	-	308,156	7,020	92,223	114,939
Excess (deficiency) of receipts over (under) disbursements	14,721	-	(7,045)	5,658	-	-	5,659	2,384	4,687	(289,672)	(7,020)	(92,223)	(114,939)
Other financing sources (uses):													
Bond Proceeds	85,000	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-	-	-	-	65,000	100,000	212,473
Operating transfers (out)	-	(25,397)	-	-	-	(12,598)	-	-	-	(54,000)	-	-	-
	85,000	(25,397)	-	-	-	(12,598)	-	-	-	(54,000)	65,000	100,000	212,473
Net change in cash balances	99,721	(25,397)	(7,045)	5,658	-	(12,598)	5,659	2,384	4,687	(343,672)	57,980	7,777	97,534
Cash balances beginning of year	107,168	25,397	27,568	94,136	19,032	12,598	94,151	41,688	65,000	531,562	-	76,734	405
Cash balances end of year: unreserved	\$ 206,889	\$ -	\$ 20,523	\$ 99,794	\$ 19,032	\$ -	\$ 99,810	\$ 44,072	\$ 69,687	\$ 187,890	\$ 57,980	\$ 84,511	\$ 97,939

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2007

	NW 86 <sup>th</sup> St Signal System	Sewer Control Plant	HWY 6 Sec 5/128/ Mitigation	Clive/ USSD Joint Sewer	North Water Tower	100 <sup>th</sup> St Pave Replace	Boston Parkway Round	Sidewalk Safety	100 <sup>th</sup> & Hickman Inter	Douglas Avenue	Ladco/ DOT Project	NW 128 <sup>th</sup> Pave Phase III	Woodlands Parkway Pave
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ 178,738	\$ -	\$ 4,072	\$ 9,489	\$ 4,764	\$ 5,898	\$ -	\$ -	\$ 18,851	\$ -	\$ 272,588	\$ -
Intergovernmental	-	-	-	-	-	5,675	-	-	-	-	-	-	-
Special assessments	44,753	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	-	18,143	-	-	1,502	-	-	-	1,460	-
Fees	-	252,812	-	-	-	-	-	-	-	-	-	-	-
	-	252,812	-	-	18,143	-	-	1,502	-	-	-	1,460	-
Total receipts	44,753	431,550	-	4,072	27,632	10,439	5,898	1,502	-	18,851	-	274,048	-
Disbursements:	-	-	308,952	-	85,101	6,811	58,457	2,628	-	-	-	635,319	-
Excess (deficiency) of receipts over (under) disbursements	44,753	431,550	(308,952)	4,072	(57,469)	3,628	(52,559)	(1,126)	-	18,851	-	(361,271)	-
Other financing sources (uses):													
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	50,000	-	-	-	-	-	840	-	-	-	-	-
Operating transfers (out)	-	-	(34,884)	-	-	(112,879)	-	-	-	-	-	-	-
	-	50,000	(34,884)	-	-	(112,879)	-	840	-	-	-	-	-
Net change in cash balances	44,753	481,550	(343,836)	4,072	(57,469)	(109,251)	(52,559)	(286)	-	18,851	-	(361,271)	-
Cash balances beginning of year	-	1,646,979	343,836	67,742	164,867	109,251	142,244	286	75,883	194,195	13,066	3,102,036	47,932
Cash balances end of year: unreserved	\$ 44,753	\$2,128,529	\$ -	\$ 71,814	\$ 107,398	\$ -	\$ 89,685	\$ -	\$ 75,883	\$ 213,046	\$ 13,066	\$2,740,765	\$ 47,932

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2007

	University Ave Wide @ I-35	NW 120 <sup>th</sup> St Sew/Wat	NW 86th Revitaliz	Maintenance Building	90 <sup>th</sup> St	Municipal Centre	Information System	Council Chamber AV	Signal Light	114 <sup>th</sup> & Forest	Emerald Isle/ McNabb	128 <sup>th</sup>	University Ave 138 <sup>th</sup> - 142 <sup>nd</sup>
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ -	\$ 539,860	\$ 18,126	\$ 4,480	\$ 4,635	\$ 5,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	17,500	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	450	19,375	4,668	15,491	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	-	-	-	-	8,000	-	-	-	-	-
Fees	-	-	-	-	213	-	-	-	-	-	-	-	-
	-	-	-	-	213	-	-	8,000	-	-	-	-	-
Total receipts	17,500	-	539,860	18,126	4,693	4,635	5,653	8,000	450	19,375	4,668	15,491	-
Disbursements:	3,737	-	846,318	-	674,208	-	54,525	174,417	-	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	13,763	-	(306,458)	18,126	(669,515)	4,635	(48,872)	(166,417)	450	19,375	4,668	15,491	-
Other financing sources (uses):													
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	62,440	-	40,200	325,000	-	-	-	-	-
Operating transfers (out)	(62,441)	(102,473)	(1,715,000)	(223,072)	(64,249)	-	-	-	(477)	(15,576)	(4,851)	(2,676)	(1,639)
	(62,441)	(102,473)	(1,715,000)	(223,072)	(1,809)	-	40,200	325,000	(477)	(15,576)	(4,851)	(2,676)	(1,639)
Net change in cash balances	(48,678)	(102,473)	(2,021,458)	(204,946)	(671,324)	4,635	(8,672)	158,583	(27)	3,799	(183)	12,815	(1,639)
Cash balances beginning of year	616,402	102,473	5,936,473	204,946	671,324	77,116	89,353	-	477	21,492	7,451	76,861	1,639
Cash balances end of year: unreserved	\$ 567,724	\$ -	\$ 3,915,015	\$ -	\$ -	\$ 81,751	\$ 80,681	\$ 158,583	\$ 450	\$ 25,291	\$ 7,268	\$ 89,676	\$ -

See accompanying independent auditor’s report.

## CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2007

	156 <sup>th</sup> St Paving	Total
Receipts:		
Use of money and property:		
Interest on investments	\$ -	\$ 1,224,322
Intergovernmental	-	40,084
Special assessments	510	85,247
Miscellaneous:		
Refunds and reimbursements	-	39,670
Fees	-	253,025
	-	292,695
Total receipts	510	1,642,348
Disbursements:	-	7,310,584
Excess (deficiency) of receipts over (under) disbursements	510	(5,668,236)
Other financing sources (uses):		
Bond Proceeds	-	1,212,902
Operating transfers in	-	3,481,204
Operating transfers (out)	(151,576)	(2,819,661)
	(151,576)	1,874,445
Net change in cash balances	(151,066)	(3,793,791)
Cash balances beginning of year	174,828	16,566,936
Cash balances end of year: unreserved	\$ 23,762	\$12,773,145

See accompanying independent auditor's report.

CITY OF CLIVE

Schedule of Indebtedness

Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General obligation bonds:									
Refunding	Dec 1, 1997	4.50 - 4.70%	\$ 1,640,000	\$ 670,000	\$ -	\$ 155,000	\$ 515,000	\$ 30,680	\$ -
Essential corporate purpose	Jun 1, 1999	4.40 - 4.70	4,440,000	2,805,000	-	300,000	2,505,000	127,083	-
Essential corporate purpose	Sep 1, 2000	4.625 - 4.75	1,450,000	810,000	-	145,000	665,000	37,819	-
Essential corporate purpose	Sep 1, 2001	4.375 - 5.00	4,950,000	4,080,000	-	245,000	3,835,000	191,423	-
Essential corporate purpose	Dec 1, 2002	3.25 - 5.00	1,575,000	1,325,000	-	100,000	1,225,000	54,352	-
Urban renewal	Jul 1, 2002	3.50 - 4.80	3,000,000	2,665,000	-	120,000	2,545,000	111,239	-
Essential corporate purpose	Dec 1, 2003	2.40 - 3.95	2,665,000	2,310,000	-	165,000	2,145,000	75,629	-
Essential corporate purpose	Oct 1, 2004	3.00 - 3.95	2,330,000	2,230,000	-	170,000	2,060,000	77,520	-
Refunding	Mar 1, 2005	2.40 - 2.60	1,970,000	1,380,000	-	620,000	760,000	32,130	-
Essential corporate purpose	Aug 1, 2005	3.00 - 4.20	14,255,000	14,255,000	-	120,000	14,135,000	552,525	-
Urban renewal	Mar 1, 2006	3.50 - 4.25	9,190,000	9,190,000	-	210,000	8,980,000	446,414	-
Essential corporate purpose	Mar 1, 2006	3.40 - 4.00	930,000	930,000	-	95,000	835,000	42,500	-
Essential corporate purpose	Dec 19, 2006	3.75 - 3.90	1,235,000	-	1,235,000	-	1,235,000	20,974	-
Total				\$42,650,000	\$1,235,000	\$2,445,000	\$41,440,000	\$1,800,288	\$ -
Revenue bonds:									
Des Moines Water Works (See Note 3)									
1992 Series	Dec 1, 1991	N/A	\$ 191,399	\$ 72,832	\$ -	\$ 44,993	\$ 27,839	\$ 8,049	\$ -
2001 Series	Oct 1, 2001	3.15 - 3.60%	1,158,089	484,227	-	245,671	238,556	-	-
Total				\$ 557,059	\$ -	\$ 290,664	\$ 266,395	\$ 8,049	\$ -
Loans:									
Iowa Department of Management	Jun 1, 2004	2.00%	\$ 33,333	\$ 20,395	\$ -	\$ 6,664	\$ 13,731	\$ 408	\$ -
City of West Des Moines	Sep 28, 1992	3.975%	940,000	305,500	-	47,000	258,500	11,508	-
Total				\$ 325,895	\$ -	\$ 53,664	\$ 272,231	\$ 11,916	\$ -
Capital Lease:									
Equipment	Feb 27, 2004	7.475%	\$ 22,930	\$ 3,499	\$ -	\$ 3,499	\$ -	\$ 66	\$ -

See accompanying independent auditor's report.

CITY OF CLIVE

Bond Maturities

June 30, 2007

Year Ending June 30,	General Obligation Bonds													
	Essential		Essential		Essential		Essential		Essential		Essential		Urban Renewal	
	Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Street Improvement	
	Issued December 1, 2003		Issued December 1, 2002		Issued June 1, 1999		Issued September 1, 2000		Issued September 1, 2001		Issued December 1, 1997		Issued July 1, 2002	
	Interest		Interest		Interest		Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2008	2.40%	\$ 170,000	3.25%	\$ 100,000	4.40%	\$ 315,000	4.625%	\$ 155,000	4.375%	\$ 260,000	4.50%	\$ 165,000	3.50%	\$ 125,000
2009	2.65	175,000	3.30	100,000	4.45	325,000	4.65	160,000	4.50	265,000	4.60	170,000	3.50	125,000
2010	2.85	130,000	3.50	100,000	4.50	340,000	4.70	170,000	4.50	280,000	4.70	180,000	3.62	135,000
2011	3.15	185,000	3.70	100,000	4.60	355,000	4.75	180,000	4.625	295,000	-	-	3.75	140,000
2012	3.35	190,000	3.90	100,000	4.60	370,000	-	-	4.50	300,000	-	-	3.85	145,000
2013	3.45	195,000	4.00	100,000	4.60	390,000	-	-	4.60	220,000	-	-	4.00	150,000
2014	3.50	205,000	4.20	65,000	4.70	410,000	-	-	4.70	235,000	-	-	4.10	160,000
2015	3.60	210,000	4.40	70,000	-	-	-	-	4.75	245,000	-	-	4.15	165,000
2016	3.70	220,000	4.60	75,000	-	-	-	-	4.75	255,000	-	-	4.25	170,000
2017	3.80	230,000	4.75	75,000	-	-	-	-	4.80	270,000	-	-	4.35	180,000
2018	3.90	235,000	4.85	80,000	-	-	-	-	4.85	280,000	-	-	4.45	190,000
2019	-	-	5.00	85,000	-	-	-	-	4.90	295,000	-	-	4.55	200,000
2020	-	-	5.00	85,000	-	-	-	-	5.00	310,000	-	-	4.65	210,000
2021	-	-	5.00	90,000	-	-	-	-	5.00	325,000	-	-	4.70	220,000
2022	-	-	-	-	-	-	-	-	-	-	-	-	4.80	230,000
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		<u>\$2,145,000</u>		<u>\$1,225,000</u>		<u>\$2,505,000</u>		<u>\$ 665,000</u>		<u>\$3,835 ,000</u>		<u>\$ 515,000</u>		<u>\$2,545,000</u>

See accompanying independent auditor’s report.

CITY OF CLIVE

Bond Maturities - Continued

June 30, 2007

June 30,	General Obligation Bonds												Total
	Essential		Refunding		Essential		Urban Renewal		Essential		Essential		
	Corporate Purpose		Notes		Corporate Purpose		Street Improvement		Corporate Purpose		Corporate Purpose		
	Issued October 1, 2004		Issued March 1, 2005		Issued August 1, 2005		Issued March 1, 2006		Issued March 1, 2006		Issued December 19, 2006		
	Interest		Interest		Interest		Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount		
2008	3.00%	\$ 175,000	2.40%	\$ 635,000	3.00 %	425,000	3.50 %	\$ 290,000	3.40%	\$ 85,000	3.75%	\$ 100,000	\$ 3,000,000
2009	3.20	180,000	2.60	125,000	3.25	925,000	3.50	305,000	3.45	50,000	3.75	100,000	3,005,000
2010	3.25	185,000	-	-	3.50	960,000	3.50	355,000	3.50	100,000	3.75	110,000	3,045,000
2011	3.50	195,000	-	-	3.50	995,000	3.50	530,000	3.60	100,000	3.75	115,000	3,190,000
2012	3.60	200,000	-	-	4.00	1,030,000	3.60	555,000	3.70	100,000	3.75	120,000	3,110,000
2013	3.60	205,000	-	-	4.00	1,065,000	3.65	575,000	3.75	100,000	3.75	125,000	3,125,000
2014	3.60	215,000	-	-	4.00	1,105,000	3.75	600,000	3.80	100,000	3.75	130,000	3,225,000
2015	3.70	225,000	-	-	4.00	1,150,000	4.00	625,000	3.90	100,000	3.75	140,000	2,930,000
2016	3.80	235,000	-	-	4.00	1,195,000	4.00	650,000	4.00	100,000	3.80	145,000	3,045,000
2017	3.95	245,000	-	-	4.00	1,245,000	4.00	680,000	-	-	3.90	150,000	3,075,000
2018	-	-	-	-	4.00	1,290,000	4.00	705,000	-	-	-	-	2,780,000
2019	-	-	-	-	4.125	1,350,000	4.00	735,000	-	-	-	-	2,665,000
2020	-	-	-	-	4.20	1,400,000	4.10	770,000	-	-	-	-	2,775,000
2021	-	-	-	-	-	-	4.125	375,000	-	-	-	-	1,010,000
2022	-	-	-	-	-	-	4.15	395,000	-	-	-	-	625,000
2023	-	-	-	-	-	-	4.20	410,000	-	-	-	-	410,000
2024	-	-	-	-	-	-	4.25	425,000	-	-	-	-	425,000
Total		<u>\$2,060,000</u>		<u>\$ 760,000</u>		<u>\$14,135,000</u>		<u>\$8,980,000</u>		<u>\$ 835,000</u>		<u>\$1,235,000</u>	<u>\$41,440,000</u>

See accompanying independent auditor’s report.

## CITY OF CLIVE

## Bond Maturities - Continued

June 30, 2007

Revenue Bonds					
June 30,	Des Moines Water Works		Des Moines Water Works		Total
	Series 1992		Series 2001		
	Issued December 1, 1991		Issued October 1, 2001		
	Interest		Interest		
	Rates	Amount	Rates	Amount	
2008	-	\$ 27,839	3.60%	\$ 238,556	\$ 266,395
		\$ 27,839		\$ 238,556	\$ 266,395

See accompanying independent auditor's report.



## CITY OF CLIVE

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Fund Types

For the Years ended

	June 30,			
	2007	2006	2005	2004
Receipts:				
Property and other City tax	\$ 9,444,344	\$ 8,718,445	\$ 8,512,617	\$ 8,166,807
Tax increment financing collections	3,453,154	3,274,847	2,693,206	1,745,504
Licenses and permits	701,116	666,935	452,787	459,969
Use of money and property	1,437,986	846,498	370,451	276,445
Intergovernmental	1,580,906	1,497,564	4,709,376	1,161,110
Charges for services	1,810,794	1,864,912	1,442,860	1,019,304
Special assessments	85,247	540,605	137,366	169,976
Miscellaneous	558,247	1,135,221	327,805	1,505,355
Total	<u>\$19,071,794</u>	<u>\$18,545,027</u>	<u>\$18,646,468</u>	<u>\$14,504,470</u>
Disbursements:				
Operating:				
Public safety	\$ 4,932,578	\$ 4,502,577	\$ 4,245,956	\$ 3,605,032
Public works	2,122,473	1,886,408	1,707,988	1,435,145
Health and social services	6,088	17,584	25,369	18,807
Culture and recreation	2,997,471	2,740,642	2,606,883	1,989,581
Community and economic development	3,304,955	3,130,035	5,141,749	2,159,455
General government	1,706,232	1,681,614	1,593,672	1,505,804
Debt service	3,597,458	2,482,859	2,175,511	2,890,141
Capital projects	7,310,584	2,758,290	6,554,904	3,712,751
Total	<u>\$25,977,839</u>	<u>\$19,200,009</u>	<u>\$24,052,032</u>	<u>\$17,316,716</u>

See accompanying independent auditor's report.



# MARTENS & COMPANY, CPA, LLP

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**Independent Auditor's Report on Internal Control**  
**over Financial Reporting and on Compliance and Other Matters**  
**Based on an Audit of Financial Statements Performed in Accordance with**  
**Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated December 10, 2007. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Clive's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Clive's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Clive's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Clive's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Clive's financial statements that is more than inconsequential will not be prevented or detected by the City of Clive's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Clive's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Clive's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Clive's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Clive and other parties to whom the City of Clive may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Clive during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
December 10, 2007

**CITY OF CLIVE**

Schedule of Findings

Year ended June 30, 2007

**Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

## CITY OF CLIVE

### Schedule of Findings

Year ended June 30, 2007

#### **Part II: Findings Related to the Financial Statements:**

##### **INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

##### **SIGNIFICANT DEFICIENCY:**

II-A-07     Preparation of Financial Statements - The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Recommendation - We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, the City's management and those charged with governance should decide whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We are aware of the situation and will continually review the risks associated with this condition because of cost or other considerations.

Conclusion - Response accepted.

## CITY OF CLIVE

### Schedule of Findings

Year ended June 30, 2007

#### **Part III: Other Findings Related to Required Statutory Reporting:**

- III-A-07 Certified Budget - Equipment items were all budgeted in the public works functions even though some items were related to other functions. As a result, disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the public safety and culture and recreation functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been corrected and amended to reflect the appropriate function for the expenditures in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the applicable function budget.

Response - The budget will be amended in the future to include the major equipment purchases in their respective function category, if applicable.

Conclusion - Response accepted.

- III-B-07 Questionable Disbursements - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

- III-C-07 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- III-D-07 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows.

Name, Title, and Business Connection	Transaction Description	Amount
Dennis Evans, Police Officer	Police Equipment Change Over and Setup	\$ 1,150

In accordance with Chapter 362.5(10) of the Code of Iowa, these transactions do not appear to represent a conflict of interest since total transactions with each individual was less than \$1,500 during the fiscal year.

- III-E-07 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- III-F-07 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

**CITY OF CLIVE**

Schedule of Findings

Year ended June 30, 2007

**Part III: Other Findings Related to Required Statutory Reporting:**

- III-G-07    Revenue Bonds - The City is in compliance with the provisions of the revenue bond resolution.
- III-H-07    Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.